



# **PAC 2 – Coffee with Council**

## **Budget Update**

### **Budget and Management Services**

***February 8, 2016***



# Major Budget Events Calendar (Agenda Item #10841)

## City Manager and Staff Only

- **Multi-Year Financial Plan, Risk, Health Benefits, and Debt:** Monday, December 7, 2015
- **Budget Pre-Meetings:** Friday, December 1st – Thursday, December 17th, 2015
- **Budget Kickoff:** Wednesday, January 6, 2016, 2:00 pm – 4:00 pm - City Council Chambers
- ➡ • **Citywide Facilitator's PAC Meeting:** Wednesday, January 27, 2016 (6:30 pm - 8:00 pm) NIS, 807 E. Main Street, Bldg 2



# Major Budget Events Calendar (Agenda Item #10841)

## City Council Budget Retreats (*Museum of Life & Science*)

- **Budget Guidelines/Economic Outlook/Resident Survey:** Friday, February 12, (8:30 am - 5:00 pm)
- **Financial Projections/TBD:** Friday, February 26 (8:30 am - 5:00 pm)

## Budget Public Hearings (*regular City Council meetings*)

- Public Hearing, Monday, March 7, 2016
- Public Hearing, Monday, June 6, 2016

## Council work sessions on the budget (*Committee Room, City Hall*)

- Tuesday, May 24 - Wednesday, May 25, 2016

## Other Budget Milestones (*regular City Council meetings*)

- City Manager presents budget to City Council: **Monday, May 16, 2016**
- Council adopts budget, CIP and related fee schedules and ordinances: **Monday, June 20, 2016**



# Major Budget Events Calendar (Agenda Item #10841)

**Coffees with Council (All meetings are open to all Durham residents.)**



- **PAC 2 - Monday, February 8** - 6:00 p.m. - 8:00 p.m. – Durham Public Schools Resource Center, 2107 Hillandale Road
- **PAC 3 - Saturday, February 13** – 10:00 a.m. - 12:00 noon – Lyon Park Community Family Life and Recreation Center, 1309 Halley St.
- **PAC 5 - Thursday, March 10** – 5:30 p.m. - 7:30 p.m. – City Hall - Council Committee Room
- **PAC 4 - Saturday, March 12** – 10:00 a.m. - 12:00 noon – Campus Hill Recreation Center, 2000 S. Alston Ave.
- **PAC 1 - Saturday, March 19** – 9:30 a.m. - 11:30 a.m. – Holton Career and Resource Center, 2nd Floor, 401 North Driver Street



# Fiscal Year 2015-16 Budget

## Total Budget \$388.2 million (Adopted June 15, 2015)

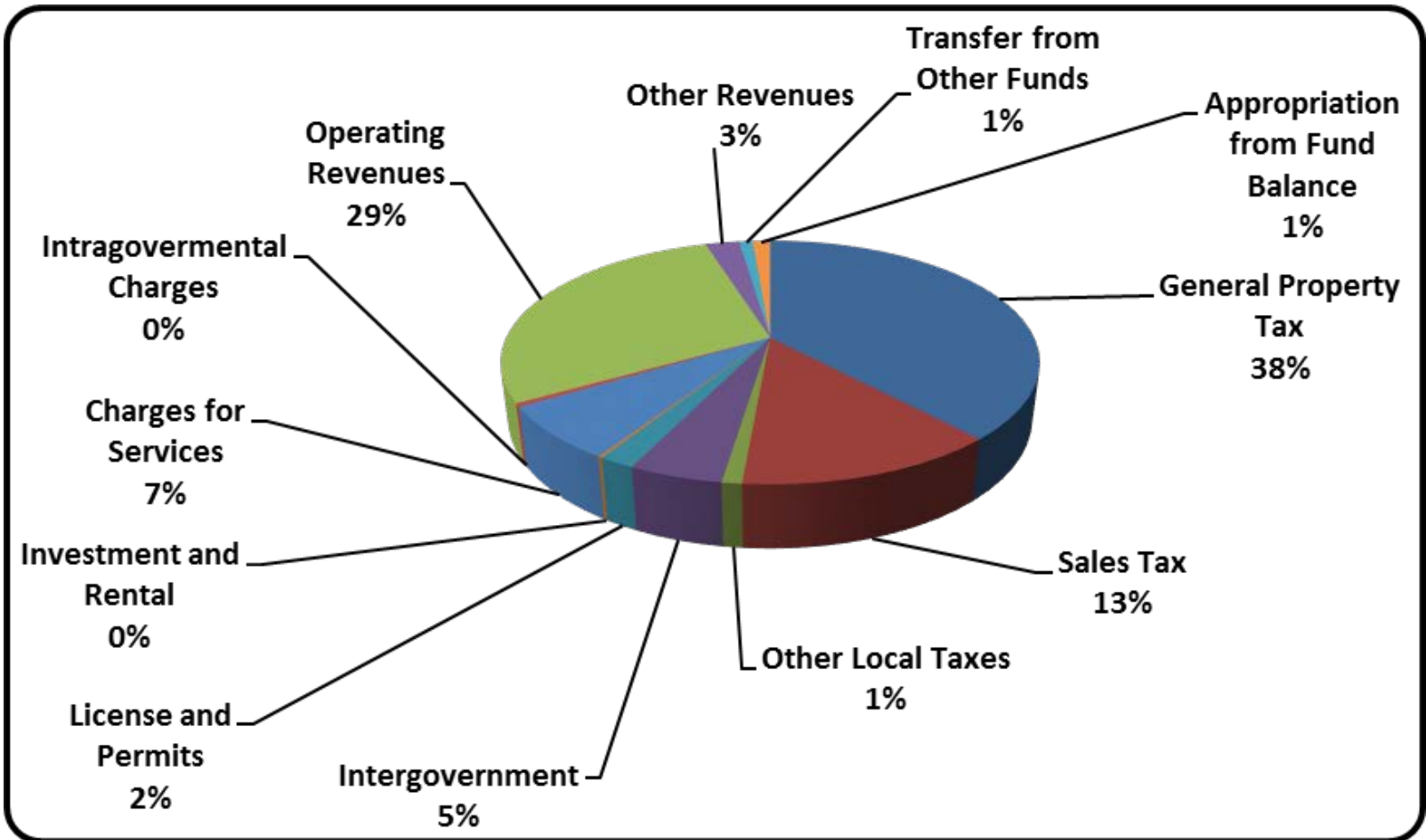
- General Fund \$171.8 million
  - 52% Property Taxes
  - 31% Sales and Local Taxes
- Debt Service Fund \$41.2 million
- Water & Sewer Fund \$88.7 million
- Solid Waste Fund \$20.9 million
- All other Funds \$65.6 million

## Property tax rate unchanged at 59.12 (cents per \$100)

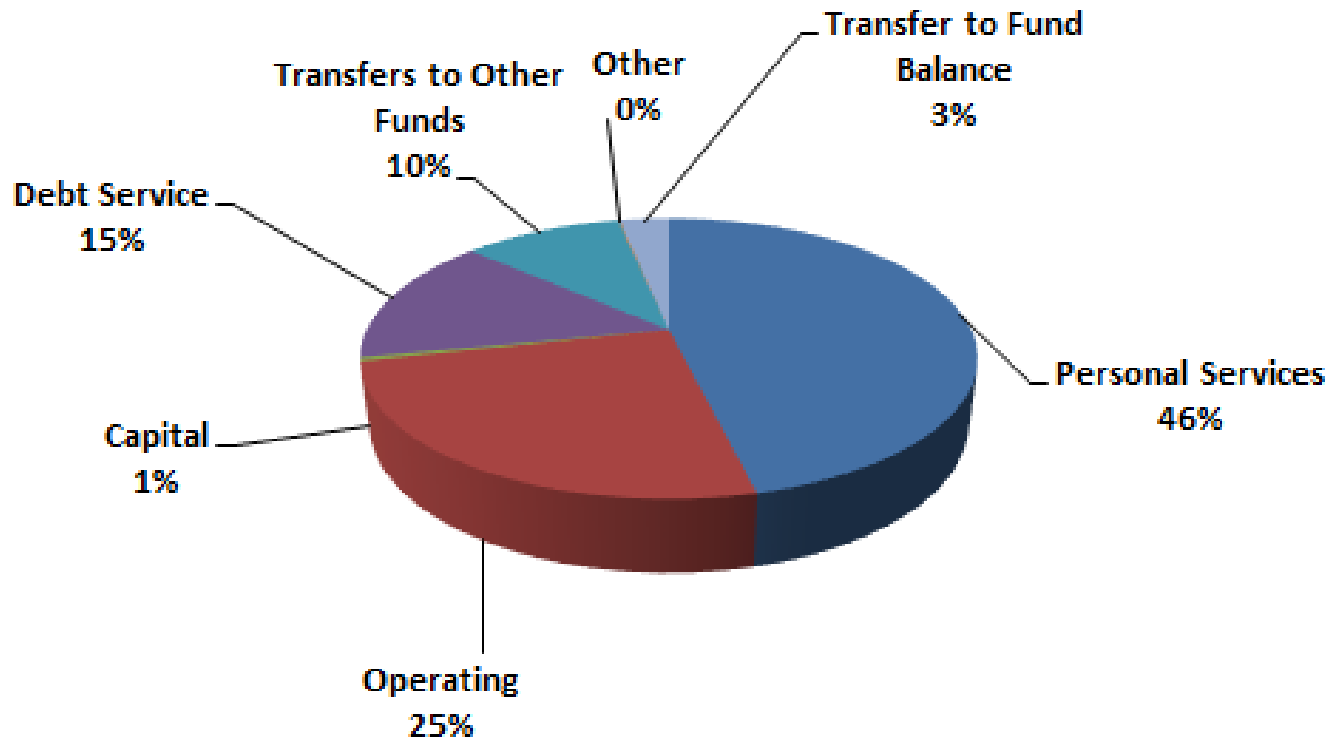
- A penny on the tax rate = \$2.475 million
- Tax Rate 59.12 (cents per \$100)
  - GF Operations = 35.38
    - includes ½ Penny for Park and Trail Maintenance
  - Debt = 13.02
  - Solid Waste = 5.85
  - Transit = 3.87
  - Dedicated housing = 1.00



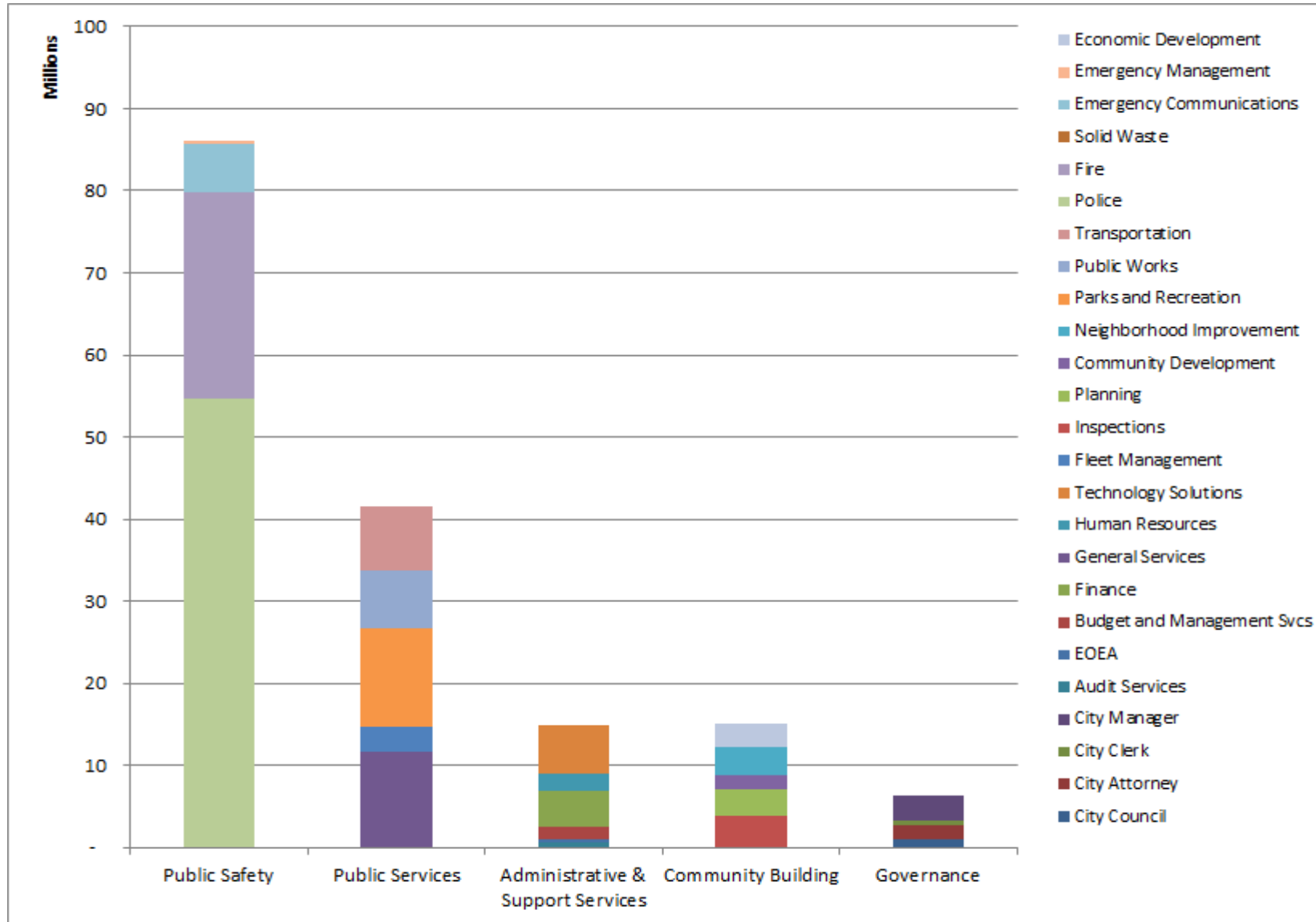
# Summary of Revenues– All Funds



# Summary of Expenditures – All Funds

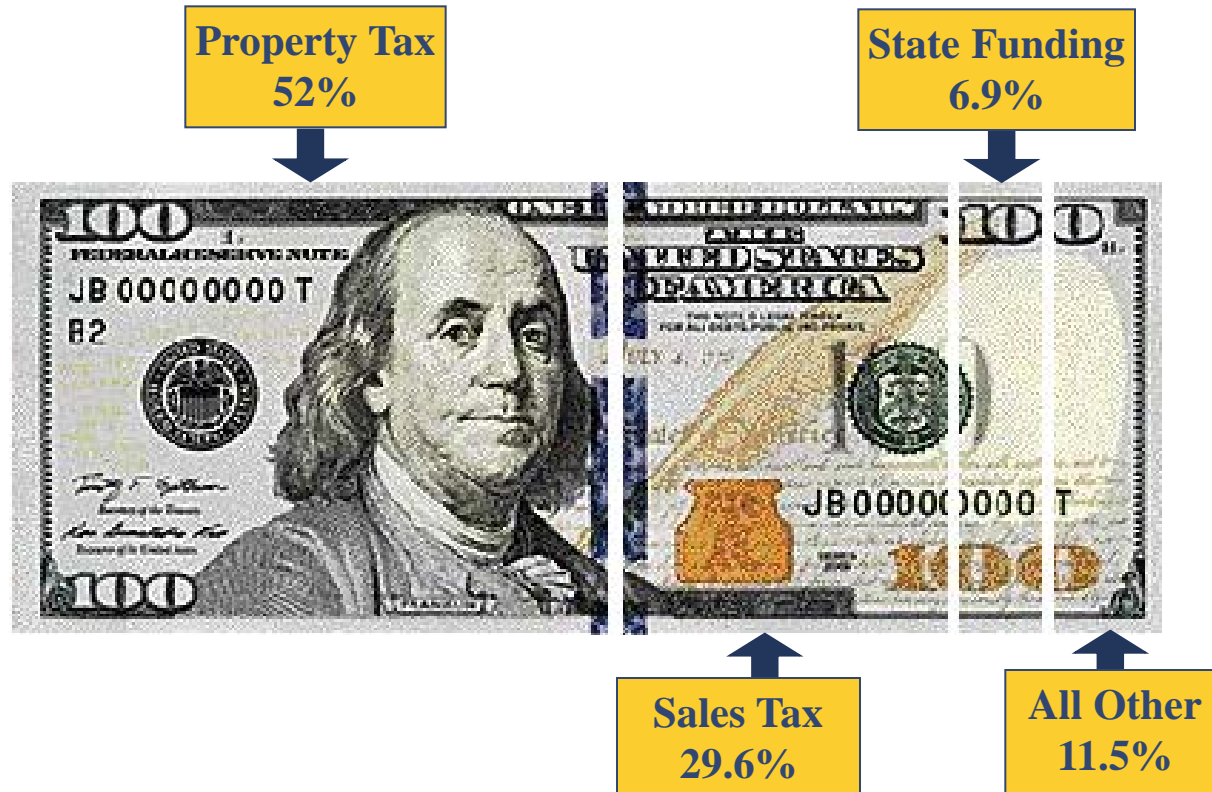


# GF Expenditures – Budget Group

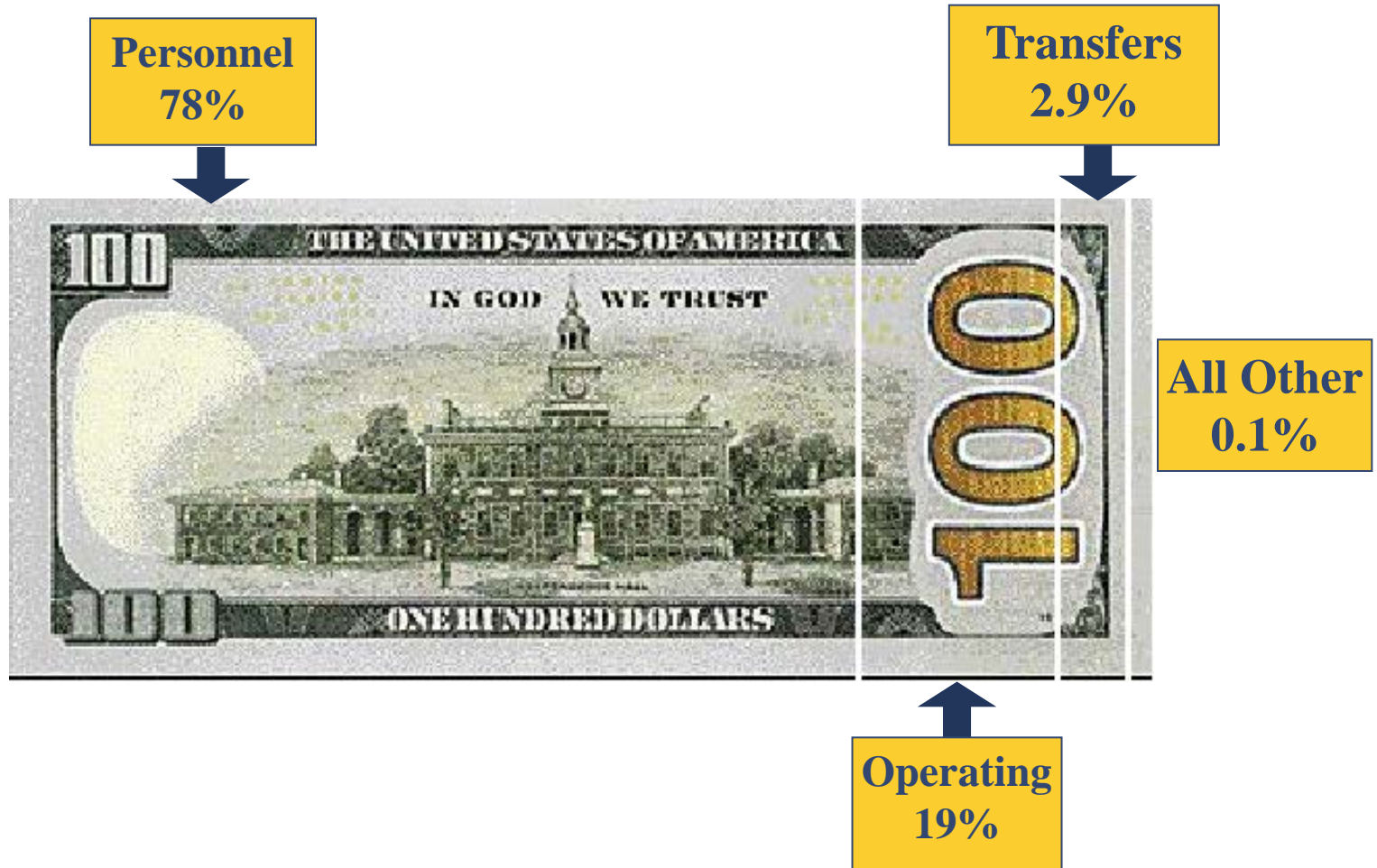




# GF-Where does the money come from?



# GF - Where does the money go?





# **2016 Property Tax Reappraisal**



# 2016 Property Tax Reappraisal

- Reappraisal is the process of taking a **market value “snapshot” of all real property in the county**, as of January 1 of the reappraisal year.
- That **market value** becomes the tax value for every year **until the next reappraisal** occurs.
- North Carolina law requires all counties to reappraise real property every eight years. **Durham County’s last reappraisal took effect on January 1, 2008.**
- Why? Since property taxes are based on property values, unequal changes in values means some property owners pay more than their share, while others pay less.



# 2016 Property Tax Reappraisal

- **Countywide**, here's how total real property assessed value has changed:

Total 2015 Value (2008 Rates)	Total 2016 Projected Value*	% Change
\$25,758,140,478	\$29,398,308,823	14.1%

\*Does not include expected annual growth of 2%

- Here are the rates of change for different property types:

Type	% Change
Residential	11.90%
Commercial	27.10%
Industrial	10.40%



# 2016 Property Tax Reappraisal

- **Citywide**, here's how total real property assessed value has changed:

Total 2015 Value (2008 rates)	Total 2016 Projected Value*	% Change
\$20,692,731,179	\$24,050,867,898	16.2%

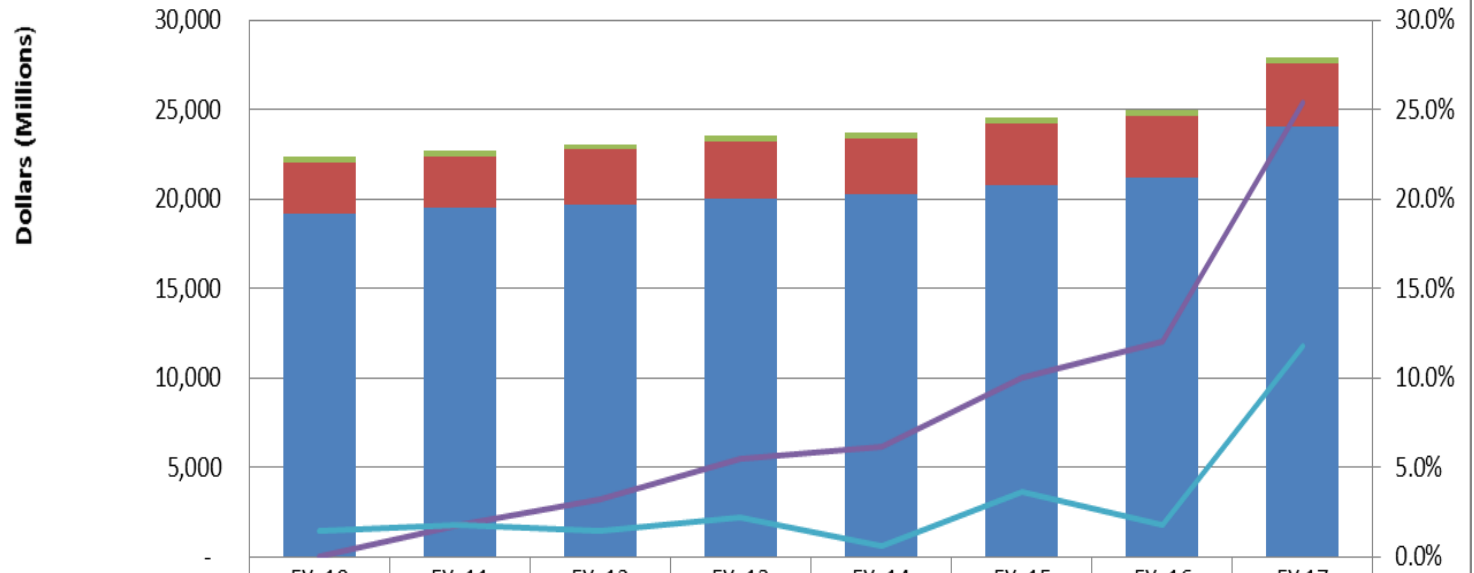
**\*Does not include expected annual growth of 2%**

- Here are the rates of change for different property types:

Type	% Change
Residential	+12.6%
Commercial	+28.2%
Industrial	+19.7%

# Property Tax

**ASSESSED VALUE GROWTH FY 2010-2017**



	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Utility	333	323	300	314	310	329	329	335
Personal	2,824	2,887	3,030	3,235	3,112	3,473	3,473	3,535
Real	19,179	19,513	19,710	19,999	20,263	20,740	21,179	24,051
Cumulative Growth	0.0%	1.8%	3.2%	5.5%	6.1%	10.0%	12.0%	25.4%
Year over Year Growth	1.4%	1.7%	1.4%	2.2%	0.6%	3.6%	1.8%	11.8%



# Peer Revaluations

	<b>Year of latest revaluation</b>	<b>Percent Change in Growth</b>	<b>Next scheduled revaluation</b>
<b>ALAMANCE</b>	2009	35.20%	2017
<b>BUNCOMBE</b>	2013	0.80%	2017
<b>FORSYTH</b>	2013	-8.60%	2017
<b>GRANVILLE</b>	2010	3.71%	2018
<b>GUILFORD</b>	2012	0.54%	2017
<b>NEW HANOVER</b>	2012	-14.59%	2017
<b>WAKE</b>	2008	5.00%	2016





# What does it mean?

- Overall, property values have increased however, City Council sets the tax rate (which may or may not provide additional tax revenue).
- G.S. 159-11 requires each taxing unit to publish a revenue-neutral property tax rate (“revenue-neutral rate”) as part of its budget for the fiscal year following the revaluation of its real property.
- Revenue-neutral rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no revaluation had occurred.
- Revenue-neutral rate provides taxpayers a benchmark against which they can compare a proposed post-revaluation tax rate.



# 2015 Resident Survey



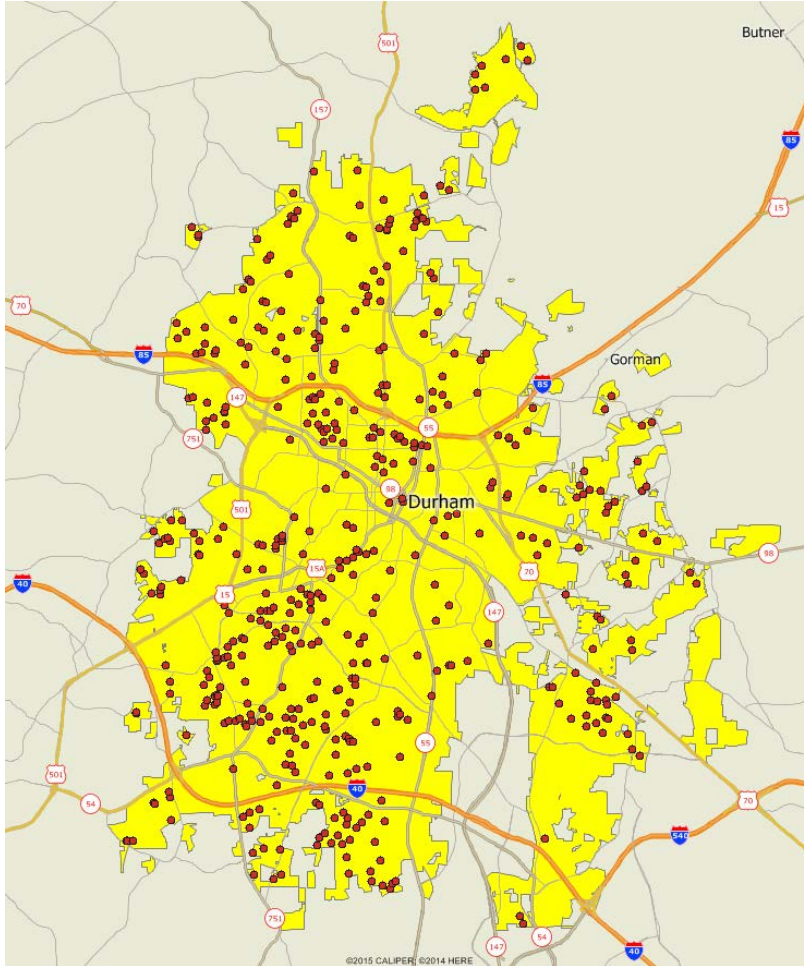
# 2015 Resident Survey

- The City of Durham began surveying residents in 1999 and has continued the effort every two years.
- **The survey assesses how well the City is achieving its vision and mission with both quality of life and service quality questions.**
- The survey also provides feedback on what services or priorities need to be addressed from the residents' perspective.
- Report available on City's website and results will be discussed with City Council at first Budget Retreat.



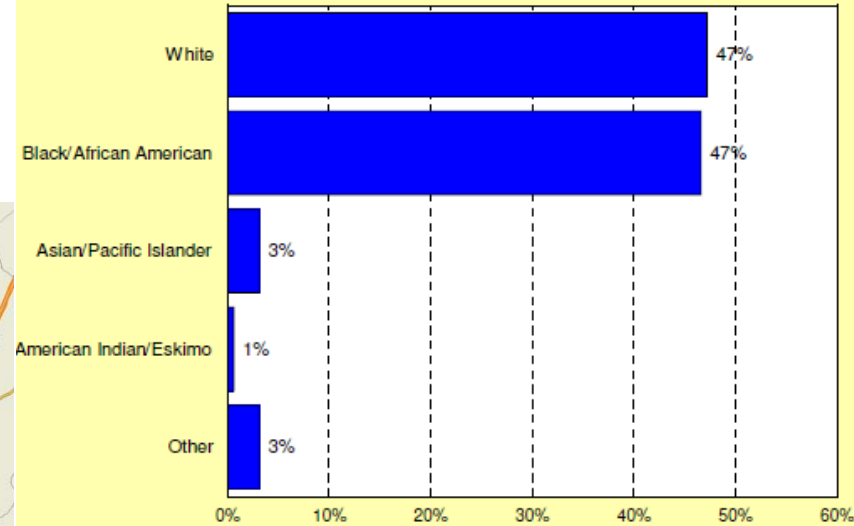
# Who Shared?

## Random Sample of 479 City Residents



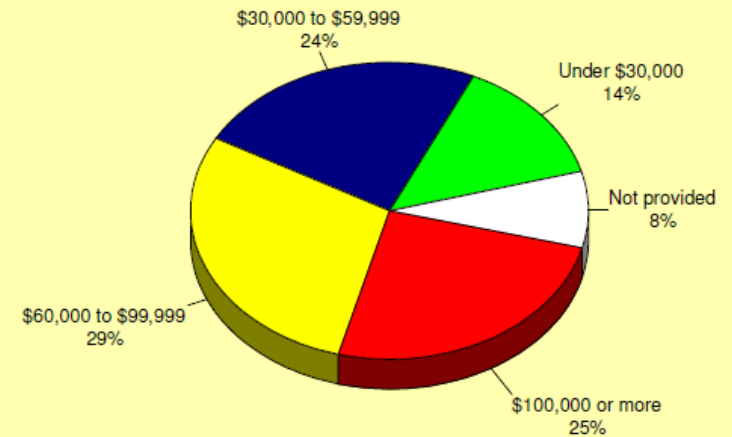
### Demographics: Race/Ethnicity

by percentage of respondents (multiple selections allowed)



### Demographics: Total Annual Household Income

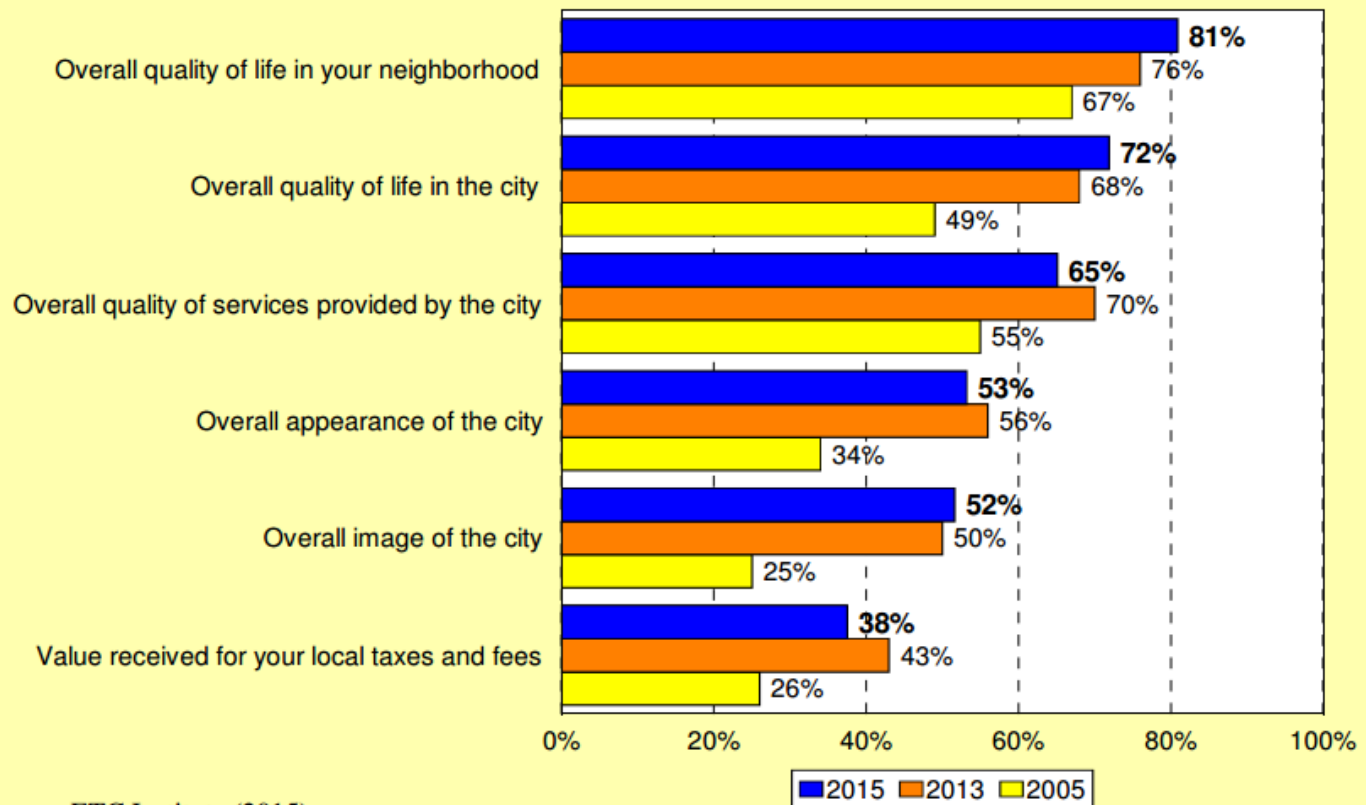
by percentage of respondents



# Vision: Durham is the leading city in providing an excellent and sustainable quality of life.

## **Trends: Satisfaction with Items That Influence Perception Residents Have of Durham** **2015 vs. 2013 vs. 2005**

by percentage of respondents who were either "Very Satisfied" or "Satisfied" with the item (excluding don't knows)

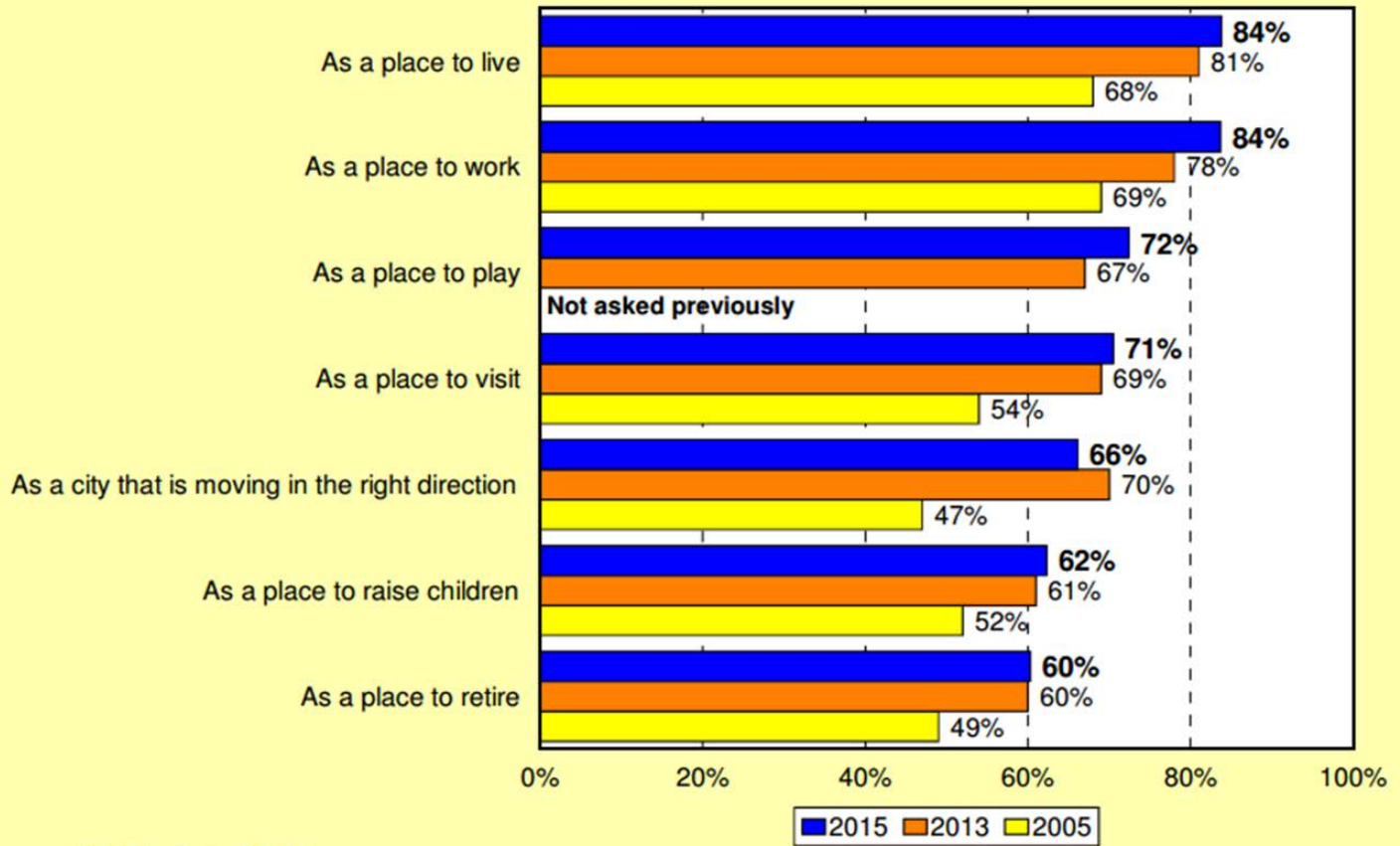


Source: ETC Institute (2015)

# Mission: To provide quality services to make Durham a great place to live, work, and play

## Trends: Overall Ratings of the City of Durham 2015 vs. 2013 vs. 2005

by percentage of respondents who rated the City as either "Excellent" or "Good" (excluding don't knows)

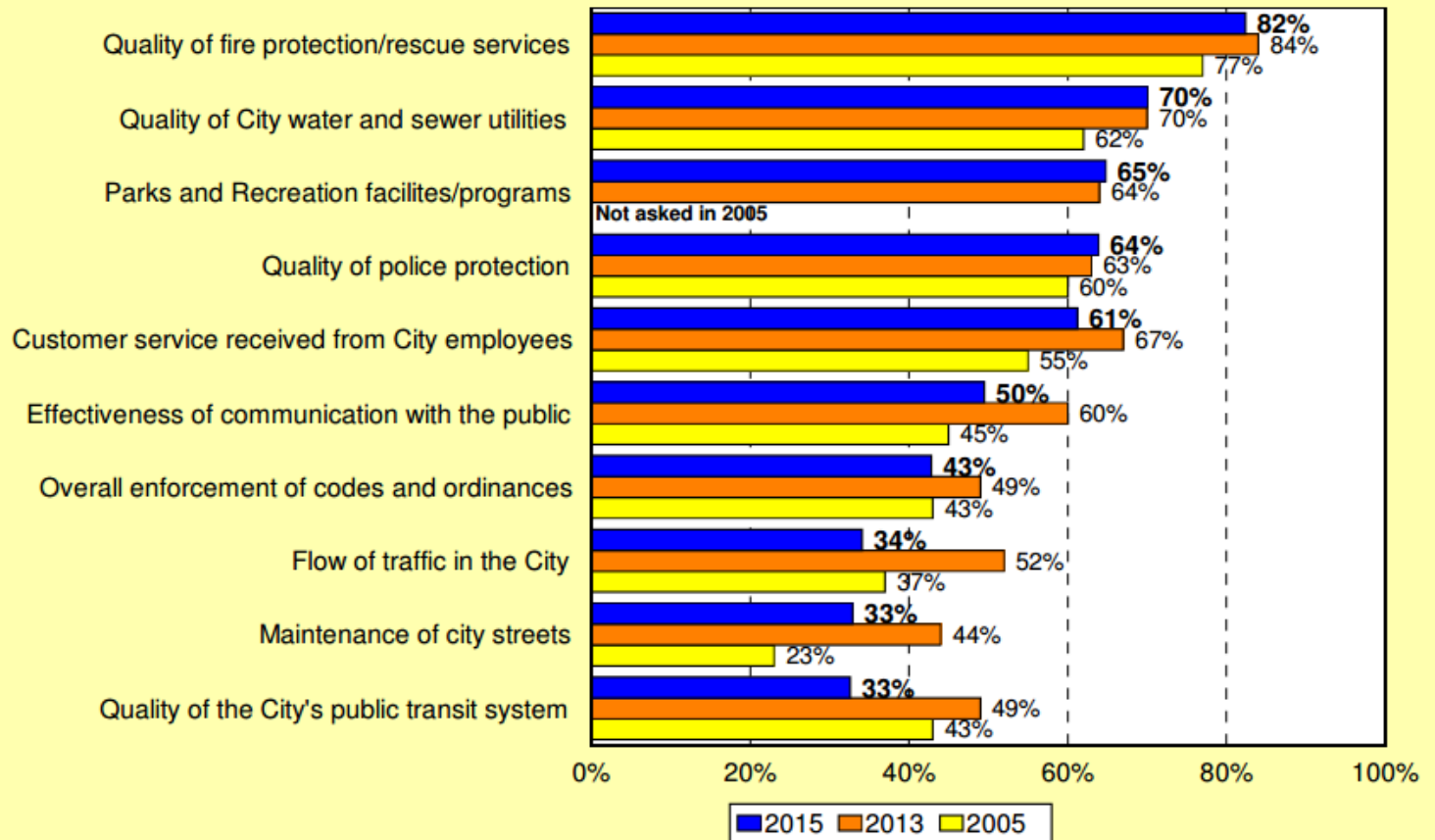


Source: ETC Institute (2015)

# Mission: To provide quality services to make Durham a great place to live, work, and play

## **Trends: Satisfaction with Various Aspects of City Services - 2015 vs. 2013 vs. 2005**

by percentage of respondents who were either "Very Satisfied" or "Satisfied" with the item (excluding don't knows)



Source: ETC Institute (2015)





# 2015 Resident Survey

Over the last ten years the City of Durham has made great strides in key areas.

Area	2015	2005	Difference	Category
Overall image of the city	52%	25%	27%	Perceptions of the City
Condition of streets in your neighborhood	63%	40%	23%	Maintenance
Overall quality of life in the city	72%	49%	23%	Perceptions of the City
In downtown Durham	62%	39%	23%	Feeling of Safety
Cleanliness of city streets	59%	38%	21%	Maintenance
Condition of city parks	59%	39%	20%	Maintenance
Overall appearance of the city	53%	34%	19%	Perceptions of the City
As a city that is moving in the right direction	66%	47%	19%	Quality of Life Ratings
When walking alone in your neighborhood at night	63%	45%	18%	Feeling of Safety
As a place to visit	71%	54%	17%	Quality of Life Ratings
Greenways and trails in the city	68%	52%	16%	Parks and Recreation
As a place to live	84%	68%	16%	Quality of Life Ratings
Bulky item pick up/removal services	70%	54%	16%	Water and Utility Services
As a place to work	84%	69%	15%	Quality of Life Ratings
In the City of Durham overall	52%	37%	15%	Feeling of Safety
How well your issue was handled	65%	50%	15%	Customer Service



# 2015 Resident Survey

## Importance-Satisfaction Rating City of Durham, North Carolina Major Categories of City Services

Category of Service	Most Important %	Most Important Rank	Satisfaction %	Satisfaction Rank	Importance-Satisfaction Rating	I-S Rating Rank
<b><u>Very High Priority (IS &gt;.20)</u></b>						
Overall maintenance of streets in the City	36%	2	33%	18	0.2412	1
<b><u>High Priority (IS .10 - .20)</u></b>						
Overall flow of traffic in Durham	30%	3	34%	17	0.1980	2
Overall quality of police protection	42%	1	64%	8	0.1512	3
Overall quality of the public transit system	15%	4	33%	19	0.1005	4
<b><u>Medium Priority (IS &lt;.10)</u></b>						
Services of Durham County Dept of Social Services	12%	6	37%	16	0.0756	5
Overall quality of Tax Administration services	9%	9	42%	15	0.0522	6
Overall quality of parks & recreation programs	13%	6	65%	7	0.0455	7
Overall quality of sheriff protection	11%	7	61%	10	0.0429	8
Effectiveness of communication with the public	8%	10	49%	12	0.0408	9
Overall enforcement of codes & ordinances	7%	11	43%	14	0.0399	10
Overall quality of Public Health services	6%	14	44%	13	0.0336	11
Customer service received from City employees	7%	12	61%	9	0.0273	12
Overall quality of water & sewer utilities	8%	10	70%	6	0.0240	13
Customer service received from County employees	3%	17	59%	11	0.0123	14
Quality of fire protection & rescue services	6%	13	82%	1	0.0108	15
Overall quality of EMS services	3%	15	81%	2	0.0057	16
Overall quality of library services & programs	3%	16	81%	3	0.0057	17
Response time for fire services	2%	18	76%	5	0.0048	18
Response time for EMS services	2%	19	79%	4	0.0042	19

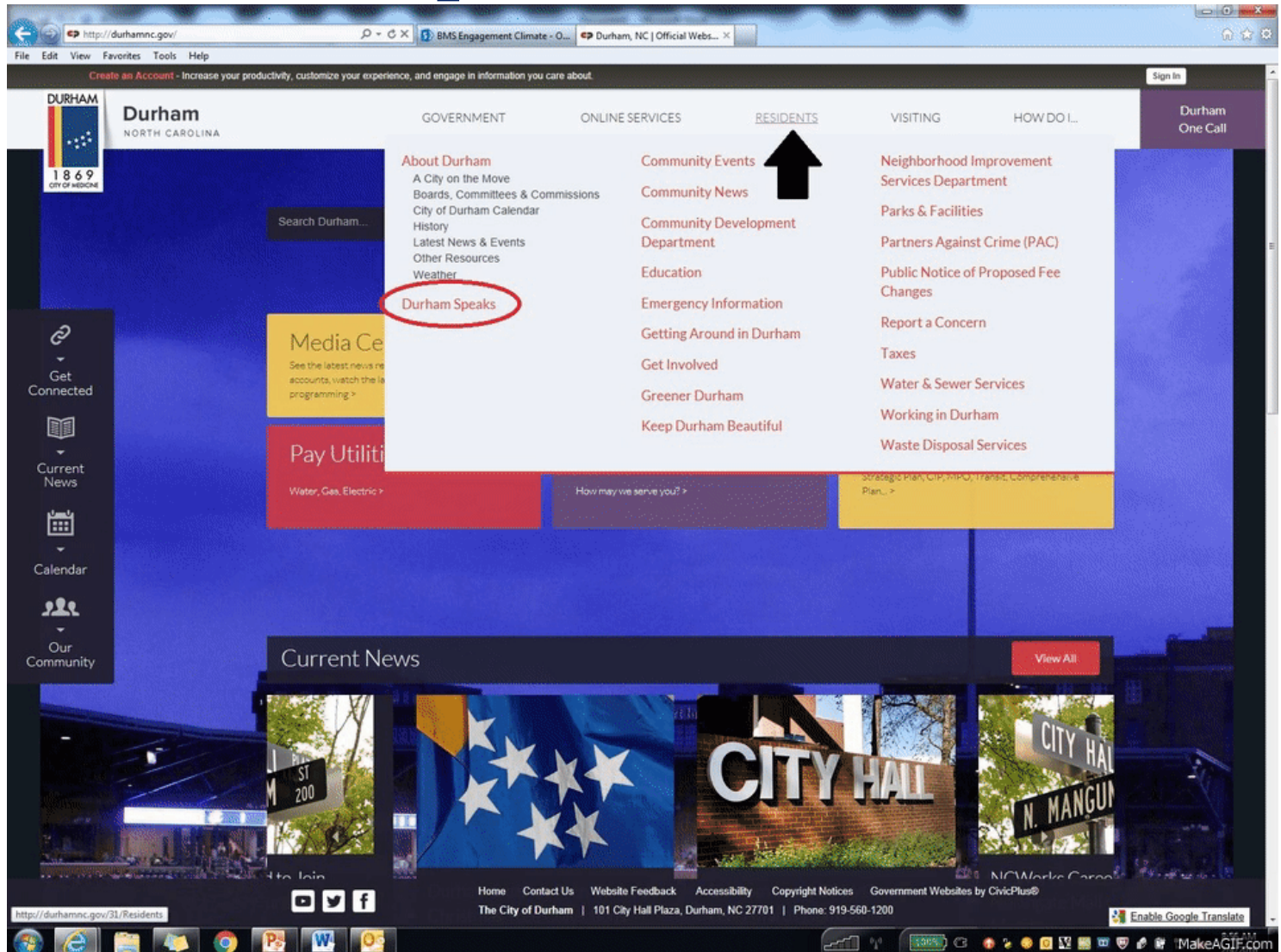


# Durham Speaks

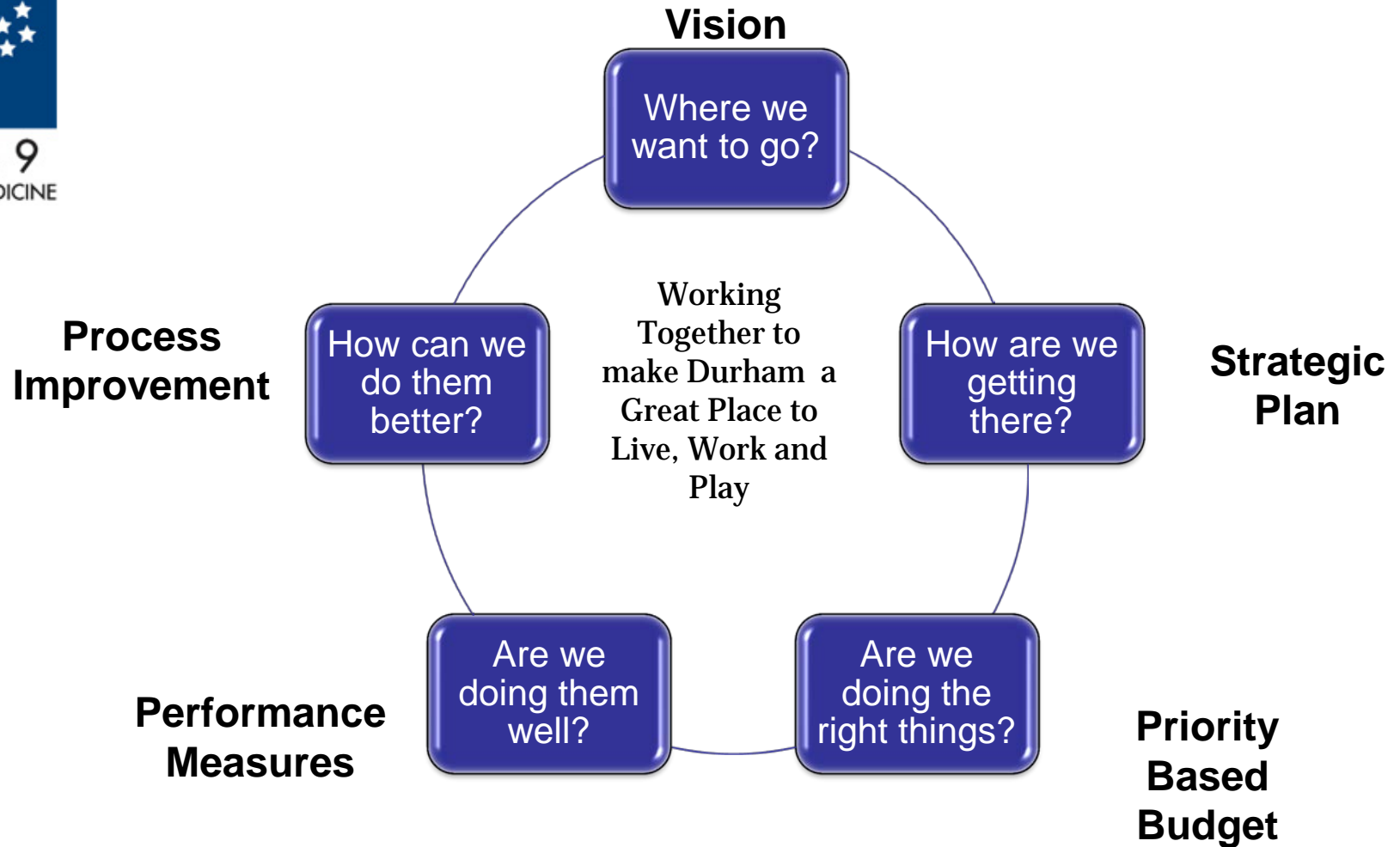
- We will be providing further engagement opportunities through the City's Website (Durhamnc.gov) under "Durham Speaks"
- Each PAC has it's own group on the City's website to continue conversations started during the Coffees with Council
  - PAC 2: <http://nc-durham.civicplus.com/CommunityConnection/Group/PAC-2-134>
- It will allow you to respond to the City Manager's Proposed budget



# Durham Speaks



# Goal 4: Innovative and High Performing Organization: Connecting All We Do





# Questions?